

## EXECUTIVE SECRETARIAT

## ROUTING SLIP

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
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9	Chm/NIC				
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13	D/OLL				
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16	NIO/ECON		X		
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Remarks

Please refer also to ER 85-2371, which provides briefing materials for use on the 1984 study.

Executive Secretary  
12 Jun 85

Date

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WASHINGTON

June 10, 1985

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MEMORANDUM FOR THE VICE PRESIDENT  
 THE SECRETARY OF STATE  
 THE SECRETARY OF THE TREASURY  
 THE SECRETARY OF DEFENSE  
 THE ATTORNEY GENERAL  
 THE SECRETARY OF THE INTERIOR  
 THE SECRETARY OF COMMERCE  
 THE SECRETARY OF ENERGY  
 THE DIRECTOR, OFFICE OF MANAGEMENT  
 AND BUDGET  
 THE DIRECTOR OF CENTRAL INTELLIGENCE  
 CHIEF OF STAFF TO THE PRESIDENT  
 ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT  
 CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS  
 CHAIRMAN, JOINT CHIEFS OF STAFF  
 ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION  
 DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

SUBJECT: 1984 Stockpile/Industrial Mobilization Planning  
 Study (U)

The President has signed the attached NSDD on the 1984 stockpile study. This NSDD must be handled on a strict need-to-know basis within agencies, until the Department of State, in consultation with the Department of Defense and the National Security Council, informs our allies and other concerned nations of the changes in our stockpile goals and the justifications. (S)

After appropriate consultation with foreign countries, and members of Congress--to be handled by the Executive Office of the President--the White House will release a public statement on the change in stockpile policy and associated issues. Until this statement is released, no mention of the change in policy is to be made. (S)

FOR THE PRESIDENT:



Robert C. McFarlane

Attachments

NSDD-174

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THE WHITE HOUSE

WASHINGTON

SECRETNATIONAL SECURITY DECISION  
DIRECTIVE NUMBER 174

June 10, 1985

U.S. NATIONAL DEFENSE STOCKPILE GOALS, MOBILIZATION  
PLANNING FACTORS AND IMPLEMENTATION MEASURES (U)Statement of Policy

The NSC 1984 study will be the basis for future Administration stockpile policy and actions. It replaces the 1979 stockpile study in this function. (U)

It is the policy of the United States to maintain a broadly based deterrent against different types of conflict. It is essential that the United States have appropriate mobilization capabilities including available supplies of strategic and critical materials to support the conduct of a protracted conventional war, both in terms of direct defense production and essential civilian requirements. (S)

The National Defense stockpile goals are to be sufficient to meet all wartime military, industrial and essential civilian material requirements that cannot be satisfied through total domestic production and reliable imports. (C)

Study Process

In June 1983, the Assistant to the President for National Security Affairs established an interagency group to develop appropriate stockpile goals and mobilization planning factors. On July 13, 1984, I approved the first seven mobilization planning reports (war scenario, defense expenditures, GNP planning levels, energy supply and demand, domestic and international material supplies, sealane attrition factors, and country wartime reliability ratings). This NSDD implements the complete 1984 NSC study and recommendations. (S)

Study Findings

The NSC 1984 stockpile and mobilization study has concluded that there are isolated shortages of minerals used extensively in defense applications and imported from unreliable sources. On the basis of the stockpile study's results, the National Defense Stockpile Goals will contain, for the forty-two materials investigated, those materials in the quantities noted in the list at Tab 1. (S)

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To help ensure that the disposal of excess stockpile materials does not cause undue disruption to the markets for materials consumers, processors and producers, and to provide an additional reserve for U.S. emergency needs, the United States will maintain a Strategic and Critical Materials Supplemental Reserve for the materials noted at Tab 2. These materials are to have a current value of about \$6 billion. (C)

Surplus materials will be disposed of at the rate of up to \$500 million a year for a 5-year period. Funds from the stockpile sales not used to purchase materials needed for the stockpile under the 1984 goals, will accrue to the Treasury General Fund. To permit flexibility in material sales, the Administration will seek authorization to sell approximately \$800 million a year in materials, but will cap the actual annual sales at the \$500 million level. (C)

National Defense stockpile acquisition and disposal plans and policy will be decided through the NSC system. An NSC-chaired interagency stockpile group will be established to consider the potential for undue market disruption (Tab 3) and to provide objective criteria governing disposals on a material-by-material basis so that they do not cause undue market disruption. Market impact assessments will be prepared by interagency mineral commodity committees by August 1985 for stockpile materials scheduled for disposal in fiscal year 1986. (C)

The 1984 stockpile study shall be used as the basis for follow-on work by the NSC interagency group to: finalize exact quantities of the materials (Tab 2) to be maintained in the Supplemental Reserve; analyze new commodities for possible inclusion to the stockpile inventory using guidance from the Department of Defense on high-technology materials requirements for the production of modern weapons systems (i.e., these would be those new materials not covered in the 1984 study--the Department of Defense, where possible, should develop weapons system specific materials requirements for such new materials); and, address other issues as necessary, such as materials' forms. In addition, agencies will undertake follow-on studies, based on the 1984 study's parameters, to complete the tasks noted at Tab 4. Completed reports will be submitted to the NSC interagency group for evaluation. (C)

The NSC study base case reports on war scenario, wartime DOD expenditures, worldwide petroleum supply/demand and prices, GNP and investment levels, industrial sector output levels adjusted for austerity, wartime reliability of exporting nations, and sealane attrition factors shall be adopted, where appropriate, on a case-by-case basis for related mobilization planning activities. (U)

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An NSC interagency group will prepare necessary changes in existing Presidential policy documents, Executive orders and laws required to fulfill the provisions of this NSDD. (U)

*Ronald Reagan*

Attachments

TAB 1	National Defense Stockpile Goals
TAB 2	Supplemental Reserve Materials Quantities
TAB 3	Working Group Procedures for Avoiding Market Disruptions
TAB 4	Additional study tasks

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